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10/10/22

MEDIATED SETTLEMENT AGREEMENT

This Mediated Settlement Agreement ("Agreement") is entered into on this 5th day of October, 2022, between Superior Financing, Inc., Hendri Grant Lending VII, Inc., Hendrie Grant Lending, Inc. f/k/a Prairie Capital, Inc., and Hendrie Grant JFG, Inc. d/k/a JFG, Inc. (collectively, "Grant") and Salem, Inc. and Jerry McAfee (collectively "Salem/McAfee") relating to the claims and defenses that were asserted, or that could have been asserted, in those five (5) actions captioned:

1) *Superior Financing, Inc. v. Salem, Inc., Jerry McAfee, John Doe, Mary Roe, ABC Corporation*; Hennepin County District Court File No.: 27-CV-22-7925;

2) *Superior Financing, Inc. v. Salem, Inc., Jerry McAfee, et al.*; Hennepin County District Court File No.: 27-CV-22-7920;

3) *Hendrie Grant Lending VII, Inc. v. Salem, Inc. and Jerry McAfee*; Hennepin County District Court File No.: 27-CV-22-9783;

4) *Hendrie Grant Lending, Inc. fka Prairie Capital, Inc., and Hendrie Grant JFG, Inc. fka JFG, Inc. v. Ideal Development Group LLC, Jamil M. Ford, Sr., Salem, Inc., et al.*; Hennepin County District Court File No.: 27-CV-22-7991; and

5) *Superior Financing, Inc. v. Salem, Inc., Jerry McAfee, Community Resource Bank, et al.*; Hennepin County District Court File No.: 27-CV-22-9031.

Each of the five (5) captioned actions shall collectively be referred to as the "Five Lawsuits").

The Five Lawsuits involve, principally, matters involving the rights and defenses under financing instruments relating to properties owned by Salem/McAfee and financed by Grant, all as

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referenced further in this Agreement. At times in this Agreement, Grant, Salem, and Salem/McAfee may be collectively referred to as “the Parties.”

MEDIATION AGREEMENT

The Parties acknowledge and agree that they have been advised by their counsel, and the mediator, that this is a binding agreement relating to settlement of claims asserted in the Lawsuit as reached through the process of mediation. The Parties further acknowledge that, pursuant to the requirements of the Minnesota Civil Mediation Act, they have been advised that:

- a. the mediator, Timothy C. Cook, has no duty to protect either of their interests or to provide them with any information about their legal rights;
- b. signing a mediated settlement agreement may adversely affect their legal rights;
- c. the Parties may, and in fact have, consulted with an attorney before signing this Agreement in order that they may be certain of their rights; and
- d. This is a mediated settlement reached pursuant to the provisions and requirements of the Minnesota Civil Mediation Act and case law interpreting the same. The Parties understand and acknowledge that it is a binding and conclusive resolution of the Lawsuit pursuant to the terms of this Agreement. The Parties have mediated for a full session on October 5, 2022, and have reached final agreement with the assistance of the mediator.

Now, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following terms and conditions of settlement of the Five Lawsuits:

1. **Spirit and Intent of this Agreement.** Through this Agreement, the Parties intend to release, restate, reaffirm, and otherwise provide for the restructuring of debt owed by

Salem/McAfee to Grant for various properties subject to foreclosure in the Five Lawsuits. The Parties acknowledge that further documents will be necessary to fully define and restate their obligations to each other on the properties listed in this Agreement. The Parties will work cooperatively and in good faith with each other, either directly or through counsel, to accomplish such commitments.

2. **Agreement Final Form Subject to Review/Revision/Approval by Counsel.**

The Parties are signing this Agreement after reviewing the same with the mediator. Counsel for both Parties had to leave the process, but are committed to further and final review of this Agreement, and any necessary revisions to correct for terms, clarity, content, tenor, and tone. Counsel shall review and finalize, with revisions as needed, to final form. The mediator shall append the signature pages of the Parties to such final form.

3. **Dismissal of Five Lawsuits (Without Prejudice).** Each of the Five Lawsuits shall be dismissed, without prejudice, and without award of costs, disbursements, or attorneys' fees to any of the Parties. Grant's counsel shall prepare and circulate the stipulations and proposed orders for filing with the court in each of the Five Lawsuits.

4. **Resolution of 2630 Morgan.** Grant shall fully release Salem/McAfee from any and all obligations of any kind for any claimed amounts owing, and from any security interests claimed to be held, on the property commonly known as 2630 Morgan. Any existing notes shall be deemed fully satisfied, and any existing mortgage interests shall be fully released.

5. **Forbearance Agreements on Three Properties.** Grant shall provide Salem/McAfee with standard forbearance agreements to forebear from declaring defaults on amounts owed, and from seeking foreclosure against, Salem/McAfee's properties at 1654 Upton, 2217 Freemont, and 3851 Aldrich. Such forbearance agreements shall be prepared by Grant's

counsel, shall be on commercially standard forbearance terms and conditions, and shall be in a form reasonably acceptable to Salem/McAfee and their counsel.

6. **Release of 2930 Bryant / Debt Transferred to 1654 Upton.** Grant shall fully release all loan and security claims, including mortgage interests, presently held against 2930 Bryant. Salem/McAfee acknowledge that such debt is not forgiven, but shall be rolled into a combined debt that shall be stated through an amended and restated note, and with appropriate mortgage security, against Salem/McAfee's property at 1654 Upton.

7. **Resolution of 3851 Aldrich.** The Parties agree that Grant shall have a new note, and a new mortgage to secure such note, on 3851 Aldrich according to the following terms and understandings:

- The agreed upon amount for combined principal and interest to October 5, 2022, shall be \$76,644.92.
- Effective starting October 15, 2022, the amount of per diem interest on such note shall be \$31.50.
- Effective October 15, 2022, Salem/McAfee shall pay one-half (1/2) of the monthly accrued interest payments owed to Grant, with the other half held in abeyance for later forgiveness or payment. Such payments shall be due on the 15th day of the month following, meaning that the first interest payment shall be due on November 15, 2022.
- If Salem/McAfee fails to make any of the one-half (1/2) monthly accrued interest payments owed to Grant on the 15th of each month, TIME BEING OF THE ESSENCE, the remaining one-half (1/2) interest payment shall not be forgiven.
- If Salem/McAfee makes each one-half (1/2) monthly accrued interest payment on the 15th of each month and pays the entire principal balance owed on or before April 15, 2023, the remaining one-half (1/2) interest payment shall be forgiven. If the debt is not paid in full on or before April 15, 2023, the remaining interest shall be immediately due and payable.

8. **Resolution of 1654 Upton.** The Parties agree that Grant shall have a new note, and a restated mortgage to secure such note, on 1654 Upton according to the following terms and understandings:



- The note amount shall include the transfer of amounts owed on 2930 Bryant.
- The agreed upon amount for combined principal and interest to October 5, 2022, shall be \$250,172.66.
- Effective starting October 15, 2022, the amount of per diem interest on such note shall be \$95.17.
- Effective October 15, 2022, Salem/McAfee shall pay one-half (1/2) of the monthly accrued interest payments owed to Grant, with the other half held in abeyance for later forgiveness or payment. Such payments shall be due on the 15th day of the month following, meaning that the first interest payment shall be due on November 15, 2022.
- If Salem/McAfee fails to make any of the one-half (1/2) monthly accrued interest payments owed to Grant on the 15th of each month, TIME BEING OF THE ESSENCE, the remaining one-half (1/2) interest payment shall not be forgiven.
- If Salem/McAfee makes each one-half (1/2) monthly accrued interest payment on the 15th of each month and pays the entire principal balance owed on or before April 15, 2023, the remaining one-half (1/2) interest payment shall be forgiven. If the debt is not paid in full on or before April 15, 2023, the remaining interest shall be immediately due and payable.

9. **Resolution of 2217 Freemont.** The Parties agree that Grant shall have a new note, and a new mortgage to secure such note, on 2217 Freemont according to the following terms and understandings:

- The agreed upon amount for combined principal and interest to October 5, 2022, shall be \$263,403.11.
- Effective starting October 15, 2022, the amount of per diem interest on such note shall be \$94.93.
- Effective October 15, 2022, Salem/McAfee shall pay one-half (1/2) of the monthly accrued interest payments owed to Grant, with the other half held in abeyance for later forgiveness or payment. Such payments shall be due on the 15th day of the month following, meaning that the first interest payment shall be due on November 15, 2022.
- If Salem/McAfee fails to make any of the one-half (1/2) monthly accrued interest payments owed to Grant on the 15th of each month, TIME BEING OF THE ESSENCE, the remaining one-half (1/2) interest payment shall not be forgiven.
- If Salem/McAfee makes each one-half (1/2) monthly accrued interest payment on the 15th of each month and pays the entire principal balance owed on or before April 15, 2023, the remaining one-half (1/2) interest payment shall be forgiven. If the debt is not paid in full on or before April 15, 2023, the remaining interest shall be immediately due and payable.

10. **Additional Documents.** The Parties acknowledge that additional documents, including but not limited to, forbearance agreements, restated notes, amended mortgages, and other documents shall be necessary to fully effectuate the terms of this Agreement. Such documents shall be prepared by Grant's counsel, shall be on commercially standard terms and conditions, and shall be in a form reasonably acceptable to Salem/McAfee and their counsel. Any disputes over final form of the same shall be subject to resolution through further mediation.

11. **No Releases.** Except only for commitments under this Agreement, including the forbearance agreements, restated note amounts, restated interest calculations, and updated security instruments, shall be construed as any release of any rights, claims, or defenses that the Parties have, or may claim to have, against each other on their personal and business dealings with each other.

12. **Non-Admission of Liability.** Nothing in this Agreement shall constitute an admission of fault or responsibility by either of the Parties to the other Parties. This settlement is made in compromise of disputed claims and to allow the Parties to move forward in an earnest and productive manner that is mutually beneficial to them.

13. **Mediator's Fee.** Grant and Salem/McAfee shall each pay an equal one-half (1/2) share of the mediator's always reasonable fee.

14. **Signatory Authority/Voluntary Execution.** Each of the signatories to this Agreement acknowledge that they are signing the same of their own free act and deed, after having had full benefit of legal counsel, and without being under any coercion, promise, or commitment, except as those expressly contained herein. Each of the signatories represent that they have secured the necessary authorizations or approvals of their respective owners, boards of directors, or agents to execute this Agreement on their behalf and to bind themselves, their



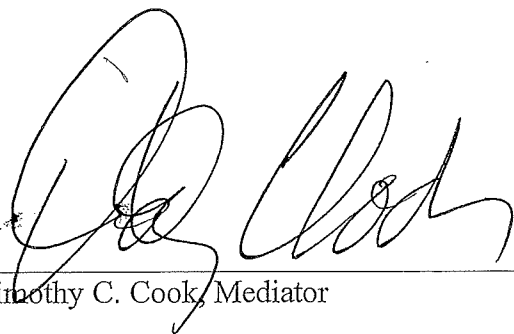
company, and their clients. The Parties understand and agree that any modifications to this agreement must be agreed upon, in writing, and signed by both Parties to be effective.

15. **Execution in Counterpart.** This Agreement may be signed in counterpart, meaning that not all signatures need appear on the same page of the Agreement for it to be effective. Electronic or facsimile signatures shall be deemed to operate as originals.

[SIGNATURES APPEAR ON SEPARATE PAGE]

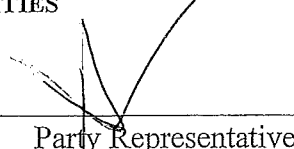


Dated: 10/5/22

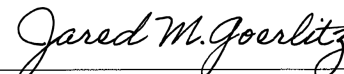

Timothy C. Cook, Mediator

Dated: 10/5/22

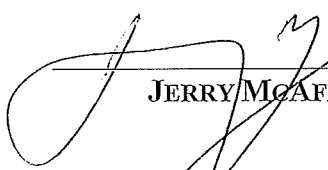
SUPERIOR FINANCING, INC., HENDRIE
GRANT LENDING, INC., HENDRIE GRANT
LENDING VII, INC., HENDRIE GRANT JFG,
INC. AND ANY OTHER APPLICABLE GRANT
ENTITIES

By: 
Party Representative

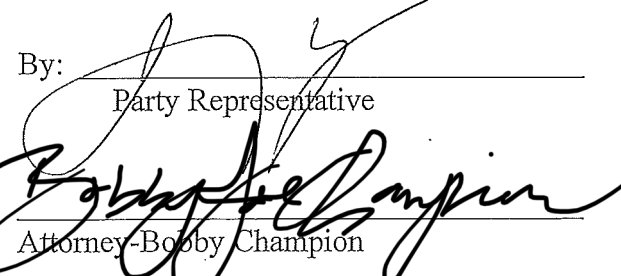
Dated: _____


Attorney-Jared M. Goerlitz

Dated: 10-5-22


JERRY MCAFEE
SALEM, INC.

Dated: 10-5-22

By: 
Party Representative
Attorney-Bobby Champion